

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF DUKE)	CASE NO. 2008-00264
ENERGY KENTUCKY, INC.)	

O R D E R

On February 2, 2006, in Case No. 2005-00042,¹ the Commission approved rates for Duke Energy Kentucky, Inc. ("Duke") and provided for their further adjustment in accordance with Duke's Gas Cost Adjustment ("GCA") clause.

On July 10, 2008, Duke filed its GCA to be effective July 30, 2008. Duke previously obtained Commission approval to file its GCA within 20 days of the proposed effective date.²

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Duke's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.

¹ Case No. 2005-00042, Adjustment of the Gas Rates of The Union Light, Heat and Power Company.

² Case No. 2006-00144, The Application of The Union Light, Heat and Power Company d/b/a Duke Energy Kentucky for Authority to Continue Making Monthly Adjustments to the Expected Gas Cost Component of Its Gas Cost Adjustment Rate (Ky. PSC May 22, 2006).

2. Duke's Expected Gas Cost ("EGC") is \$12.592 per Mcf, which is an increase of \$1.289 per Mcf from its previous EGC of \$11.303.

3. Duke's notice sets out no current quarter Refund Adjustment ("RA"). Duke's notice sets out a total RA of (\$.001) per Mcf, which is no change from its previous total RA.

4. Duke's notice sets out no current quarter Actual Adjustment ("AA"). Duke's notice sets out a total AA of \$.344 per Mcf, which is no change from its previous total AA.

5. Duke's notice sets out no current quarter Balance Adjustment ("BA"). Duke's notice sets out a total BA of \$.037 per Mcf, which is no change from its previous total BA.

6. Duke's Gas Cost Recovery Rate ("GCR") is \$12.972 per Mcf, which is an increase of \$1.289 per Mcf from its previous GCR of \$11.683.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for final meter readings by Duke on and after July 30, 2008.

IT IS THEREFORE ORDERED that:

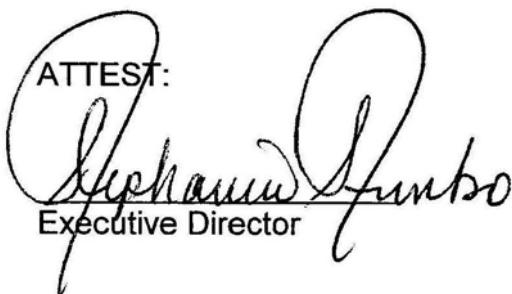
1. The rates in the Appendix to this Order are approved for final meter readings on and after July 30, 2008.

2. Within 20 days from the date of this Order, Duke shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 23rd day of July, 2008.

By the Commission

ATTEST:

Handwritten signature of Stephanie Guntso in cursive script.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00264 DATED JULY 23, 2008

The following rates and charges are prescribed for the customers served by Duke Energy Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

GAS SERVICE RATES

RATE RS RESIDENTIAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.26687	plus	\$1.2972	\$1.56407

RATE GS GENERAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$.20949		\$1.2972	\$1.50669

RIDER GCAT GAS COST ADJUSTMENT TRANSITION RIDER

The amount of this charge (or credit) shall be \$.0380 per 100 cubic feet. This rate shall be in effect during the months of June 2008 through August 2008 and shall be updated quarterly, concurrent with the Company's GCA filings.